

Chapter 327

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BASIC SCHOOL SUPPORT FUND

327.005 Definitions. As used in ORS 327.005 to 327.130:

(1) "Teacher" means any employe of a school district who is required by law to hold a valid teacher's certificate

(2) "Teacher employed" means a teacher who contributes full-time service to a school district for a school year. A teacher who contributes less than full-time service is to be considered as a fraction of a teacher employed, the fraction being determined by the proportion that the time devoted to the school by the teacher is of full-time services

(3) "Days membership" means the number of days during the school year that a pupil should, according to the regulations of the State Board of Education, be marked as present or absent on the school register

(4) "Resident pupil" means any pupil whose legal school residence is within the boundaries of a school district reporting him if the district is legally responsible for his education.

(5) "Debt service" means any payment made by a school district as a result of the issuance of bonds or negotiable interest-bearing warrants authorized by the voters of the district.

(6) "Capital outlay" means any expenditure by a school district for materials of any sort, except replacements, which increase the value of the school plant or equipment

(7) "Building reserves" means any funds levied by authority of ORS 280.040 to 280.140.

327.010 Tax levy; Basic School Support Fund established; purpose of fund. (1) In addition to all other state taxes, there hereby is levied an annual state property tax in an amount which will produce \$80 per capita for each child within the state between the ages of 4 and 20 years, according to the latest determination of the school census as compiled annually by the Superintendent of Public Instruction. This tax shall be levied, apportioned, collected and paid in the same manner as other state taxes. Revenues derived from taxes on or measured by net incomes shall be applied to offset this tax in the manner provided by law in respect to state property taxes generally

(2) The two-mill tax for the State Elementary School Fund shall not be levied for any year for which this tax is levied. No transfer to the State School Support Fund

or apportionment thereof shall be made for any year for which this tax is levied.

(3) The State Treasurer shall place the sums received under this section in a fund to be known as the Basic School Support Fund. The fund shall be used exclusively for the improvement and support of the public elementary and secondary schools and shall be distributed to equalize educational opportunities and conserve and improve the standards of public elementary and secondary education

327.012 Constitutional limitation inapplicable. The six percent limitation imposed by section 11, Article XI, Oregon Constitution, shall not apply to the tax levied by ORS 327.010. The approval of this section by the people constitutes specific authorization to levy such tax annually in excess of such limitation

327.014 Appropriation to Basic School Support Fund when tax levy insufficient. Out of the moneys in the General Fund not otherwise appropriated there is appropriated annually to the Basic School Support Fund an amount equal to the product of \$80 multiplied by the number of children within the state between the ages of 4 and 20 years as computed in accordance with ORS 327.010, provided, however, that each annual appropriation shall be reduced by the amount produced with respect to that year by the property tax levies provided in ORS 327.010, whether by apportionment and collection or by offset through the application of other revenues [1953 c 547 §1]

327.015 Grant - in - aid apportionments.

(1) There shall be apportioned annually to each public school district which meets all legal requirements and maintains and operates a standard school, as defined by the rules and regulations of the State Board of Education, the following sums

(a) \$500 for each 4,200 days of resident pupil membership or fraction thereof, or the actual number of teachers employed, whichever is the lesser

(b) 20 cents for each day's membership of resident pupils

(c) An amount equal to 30 percent of the total amount of the Basic School Support Fund available for apportionment, to be apportioned on the basis of days' membership of resident pupils. Distributions under this paragraph shall be made on the basis of the nearest cent below the quotient pro-

duced by dividing the sum available for distribution under this paragraph by the state total days' membership of all resident pupils in all reporting districts.

(2) Nonoperating districts such as non-high school and suspended school districts shall receive, under the authority of this section, 20 cents per day's membership for pupils for whom the district pays tuition and the apportionment specified in paragraph (c) of subsection (1) of this section

327.020 Equalization apportionments. There shall be apportioned to the public school districts meeting the requirements of ORS 327 015, the difference between the cost, of the basic educational program and the sum of the receipts of the district from the apportionments under ORS 327 015, the county school fund exclusive of the proportionate part thereof which comes from land sales and the district tax under ORS 327.030

327.025 Determination of cost of basic educational program. (1) The cost of the basic educational program shall, for the purposes of apportionment, be either \$1 15 for each day's membership of resident pupils; or the expenditures of the district for operating purposes, excluding expenditures for bonded debt service, capital outlay, building reserves and transportation, expenditures for tuition pupils and other school-operated auxiliary agencies, not including health services, during the fiscal year, whichever is the lesser

(2) The cost of the basic educational program, regardless of days' membership or expenditures, shall not be computed at less than \$3,000 for each 4,200 days of resident pupil membership or fraction thereof, or for each teacher employed, whichever is the lesser

327.030 District tax requirement. (1) Before a school district is eligible to receive an apportionment of funds under ORS 327.020, there shall be levied against the taxable valuation of property within the district an ad valorem tax in such amount that when combined with the tax levied for the county school fund the sum of the two levies will be the equivalent of 12 mills on full cash value as determined by dividing 12 mills by the county ratio used for the apportionment of state taxes by the State Tax Commission If the levy for elementary and high schools is made by separate districts, 60 percent of the required district levy shall be for elementary and 40 percent for high school purposes

Payments by the Federal Government in lieu of taxes are, for the purposes of this section, considered district taxes

(2) School districts having an assessed valuation of less than \$10,000 are considered as having levied the tax required by this section and therefore eligible to receive an apportionment under ORS 327 020

327.035 Transportation and board and room apportionments. (1) Upon approval by the Superintendent of Public Instruction in conformity with State Board of Education regulations each school district is entitled to an annual apportionment for each day of membership of pupils residing one mile or more from school by the nearest traveled road and for whom the district provides transportation The apportionment shall be one cent per mile for twice the distance from the pupil's home to the school by the nearest traveled road

(2) Each school district providing board and room in lieu of pupil transportation is entitled, for each day of membership by a pupil provided board and room by the school district, to an apportionment of one cent per mile for the distance, by the nearest traveled road, from his home to the nearest standard school and return

(3) In any county in which the latest school census shows an average of less than two and one-half children of school age per square mile, the apportionment under subsections (1) and (2) of this section shall be two cents per mile.

(4) Apportionments under this section shall

(a) Not exceed 60 percent of the actual net cost to the school district for pupil transportation or board and room Depreciation on original cost of district-owned school buses shall be included in net cost computation but shall not be allowed in excess of 10 percent per year

(b) Be based on claims containing necessary information filed annually with the Superintendent of Public Instruction.

(c) Be made at the same time as other apportionments of the Basic School Support Fund [Amended by 1953 c 108 §3]

327.040 Apportionment where school is temporarily closed. (1) The Superintendent of Public Instruction in apportioning the Basic School Support Fund may allow days' membership for days that the district schools are temporarily closed because of adverse weather conditions, epidemics, fire or flood

creating conditions beyond the control of the district school board. However, he shall not allow time that will result in a school district being paid for more days in any one year than the number of days regularly scheduled for that school year, nor in any case more than 10 school days. The basis for computing membership under these conditions shall be the total days' membership of the school on the last day prior to the closing of school because of such extraordinary conditions.

(2) A school district in connection with its report for apportionment of the Basic School Support Fund shall set forth its claim for such loss of membership because of such conditions. The Superintendent of Public Instruction shall allow such claim or that part of it which investigation discloses is justified.

327.045 Minimum apportionment to county. In no event shall a county receive from the Basic School Support Fund apportionment less than 50 percent of any ad valorem property tax levied by the state that is actually extended on the tax rolls and collected by such county in the proportion which the requirement of the Basic School Support Fund bears to the total levy for state government.

(2) The additional amount received by a county under this section shall be distributed to each school district of the county in the proportion that the total days' membership of the district bears to the total days' membership in all public schools of the county.

(3) In the succeeding year the Superintendent of Public Instruction shall correct any underapportionments under this section before determining the amounts due under ORS 327 015 to 327 120.

327.050 Emergency apportionments. If disaster or an increase in attendance exceeding 25 percent of the preceeding year's school attendance has increased the cost of operating the schools during the school year so that the district cannot maintain the standard of education specified in ORS 327 015, the school district may apply to the Superintendent of Public Instruction for an additional apportionment. The superintendent shall determine whether an emergency exists and may make the additional apportionments from the emergency account that are necessary and advisable.

327.055 Education of children in specified emergency areas. (1) The elementary and high school education of children who live in areas that are not within the jurisdiction of a public school district or who live in an elementary school district which has an assessed valuation of less than \$10,000 is an emergency, for the purposes of ORS 327 010 to 327 130.

(2) The Superintendent of Public Instruction shall investigate all such situations and make such arrangements as may be necessary to insure the school attendance of pupils living in such areas and pay for the same from the emergency account.

327.060 Payment of claims under handicapped children program. The Superintendent of Public Instruction shall review all claims for reimbursement of school districts, teacher training and other expenses of instruction coming under the provisions of the handicapped children program referred to in ORS 327 065. On approval of the claim, he shall order the same paid from the special account established by ORS 327 065.

327.065 Special account for emergencies, handicapped children program and mentally retarded and gifted children program. (1) The State Treasurer shall place, at the beginning of each fiscal year, \$700,000 in a special account to be used for emergency conditions as determined in accordance with ORS 327 050 and 327 055 and for the reimbursement of school districts, cost of teacher training and other expenses of instruction under the provisions of the handicapped children program established by law. No more than \$450,000 shall be expended annually for the handicapped children program.

(2) At the beginning of each fiscal year the State Treasurer shall place \$40,000 in a special account to be used by the State Department of Education for the purposes specified in ORS 343 222 [Amended by 1953 c 444 §11, 1953 c.711 §4].

327.070 Standard school presumed; correction of deficiencies; effect of noncorrection. (1) All school districts are presumed to maintain a standard school until the school has been inspected by the Superintendent of Public Instruction and found to be deficient. If any deficiencies so found are not corrected before the beginning of the next school year after the date of inspection and if an extension has not been granted under subsection (2) of this section, the

school district shall be ineligible to receive any apportionment from the Basic School Support Fund until such deficiencies are corrected.

(2) If an acceptable plan for meeting standardization requirements has been submitted under ORS 327.130, the Superintendent of Public Instruction may allow an extension of time if he determines that such deficiencies cannot be corrected or removed before the beginning of the next school year following the adoption of, and levy of a tax under a budget

327.072 Basis for computing apportionments. The amount of the various apportionments provided in ORS 327.005 to 327.130 shall be determined from data contained in the reports of the several school districts for the year ending June 30 prior to the time of making such apportionment

327.074 Apportionment where school district area changed. Where any territorial change in a school district has occurred between the date of the report and the apportionment, the Superintendent of Public Instruction shall make the payment on an equitable basis to the altered districts.

327.076 Effect of failure to file reports. Any school district failing to file required basic school fund reports with the Superintendent of Public Instruction shall be excluded from the apportionments.

327.080 Report falsification prohibited. No person shall falsify any report required by ORS 327.035 to 327.130

327.085 Apportionment of excess funds; method of apportionment where funds are insufficient. (1) Any funds remaining after the apportionments under ORS 327.015, 327.020 and 327.035 have been made shall be apportioned among the several districts in the proportion that the number of resident days' membership in that district is of the total days' membership in all such districts

(2) If the amount available for apportionment under ORS 327.015, 327.020 and 327.035 is insufficient to pay all claims arising thereunder, the amount available shall be prorated to the eligible districts in the proportion that the full amount required for apportionment to each eligible district is to the full amount required in all such districts

327.090 Apportionments as revenue of school districts; limitation on use. The

amount to be received from the Basic School Support Fund shall be included as revenue in the budget of each local school district. No part of such fund shall be apportioned and distributed to apply as an offset to a school district tax levy or to a county school fund

327.095 Time of payment of funds. Funds due public school districts under ORS 327.015, 327.020, 327.035 and 327.085 shall be paid approximately 40 percent on August 1, approximately 30 percent on December 1 and the balance on April 15. If necessary reports are not available to permit accurate calculation of payments, an equitable apportionment based on the most recent data available shall be made on August 1 and December 1. If the August and December payments in such case are too high or too low, appropriate adjustments shall be made in the April 15 payments if the preceding year's basic school fund reports have been submitted by the district [Amended by 1953 c 108 §3]

327.100 Special administrative account. The State Treasurer shall, at the beginning of each fiscal year, place in a special account the sum approved by the State Board of Education as necessary to pay the costs of administering ORS 327.010 to 327.130.

327.105 Reserve fund for studies. The State Treasurer shall establish a reserve fund to be used, under the direction of the State Board of Education, for periodic studies of the operation of and the quality of education attained under ORS 327.005 to 327.130. The funds to be paid into the reserve shall be determined by the State Board of Education

327.110 Annual limitation on administrative and reserve accounts. The funds used for carrying ORS 327.100 and 327.105 into effect shall not exceed \$150,000 per year

327.115 Disposition of unexpended funds in emergency and administrative accounts. Any unexpended unobligated funds remaining in the accounts established under ORS 327.065 and 327.100 shall, at the end of the fiscal year, be added to the amount of the Basic School Support Fund to be apportioned the following year

327.120 Correction of errors in apportionment. The Superintendent of Public Instruction may correct, in a succeeding year,

any errors in apportionment by the withholding of the amount of an overapportionment or by the payment of an underapportionment from funds to be apportioned

327.125 Superintendent to administer statutes. (1) The Superintendent of Public Instruction shall administer the provisions of ORS 327.005 to 327.130. With the approval of the State Board of Education, the superintendent may adopt and promulgate all necessary rules and regulations not inconsistent with ORS 327.005 to 327.130 to carry into effect the provisions of those statutes

(2) The superintendent may employ such assistants as are necessary for efficient administration.

327.130 Enforcement of standards for schools. (1) Every rule or regulation shall be enforced requiring compliance with standards for elementary and secondary schools by every school. A school district may be given one year in which to levy a tax and raise money for compliance but no such waiver shall be given if it is possible for a district to obtain compliance through consolidation

(2) A school district found not to be in compliance shall submit a plan, acceptable to the Superintendent of Public Instruction, for meeting standardization requirements. The plan shall be submitted to the Superintendent of Public Instruction within 90 days following receipt of the inspection report. Any district failing to submit such plan within the time specified shall receive no further Basic School Support Fund moneys until a plan acceptable to the Superintendent of Public Instruction is submitted irrespective of the district's being given one year in which to levy a tax

327.135 Allocation of money to certain state institutions. After the requirements of ORS 327.065, 327.100 and 327.105 have been met and prior to making any apportionment under ORS 327.015, 327.020, 327.035 and 327.085, the Superintendent of Public Instruction shall allocate for apportionment from the Basic School Support Fund to the Oregon State School for the Blind, Oregon State School for the Deaf, MacLaren School for Boys, Hillcrest school of Oregon, Oregon Fairview Home and the Oregon State Penitentiary, respectively, such sums as the respective institutions are entitled to receive under ORS 327.140

327.140 Computation of amount apportioned to state institutions. The Superintendent of Public Instruction shall apportion annually to each institution named in ORS 327.135, the sum produced by dividing the total amount of the Basic School Support Fund apportioned to all school districts during the preceding fiscal year under ORS 327.015, 327.020, 327.035 and 327.085 by the average daily membership of such districts as shown by official data used as the basis for such apportionments, and multiplying the resulting quotient by the number of children in the school operated by the institution shown on the most recent report submitted under ORS 327.145

327.145 Annual report by institutions. The superintendent of each institution named in ORS 327.135 shall submit a certified report to the Superintendent of Public Instruction on October 25 of each year. This report shall show the number of children in the institution who are between the ages specified in ORS 327.010, the number enrolled in the school operated by the institution and such other necessary information as is required by the Superintendent of Public Instruction

327.150 Transfer of apportionment to institution account. On October 15 of each year, the Superintendent of Public Instruction shall certify to the Secretary of State and the State Treasurer the amount to which each institution named in ORS 327.135 is entitled. On receipt of such certification, the State Treasurer shall transfer the amounts stated therein from the Basic School Support Fund to the General Fund and credit such amounts to the account of the appropriate institution. The amounts so transferred and credited hereby are appropriated from the General Fund in the State Treasury for the benefit of such institution

327.155 Use of money apportioned to institutions. The institutions named in ORS 327.135 are authorized to receive moneys appropriated for their benefit under ORS 327.150 and shall expend such moneys exclusively for the improvement and support of the elementary and secondary educational facilities provided by the institutions for their inmates between the ages specified in ORS 327.010

327.160 Appropriation of Basic School Support Fund. The Basic School Support

Fund hereby is appropriated for carrying out the provisions of ORS 327 005 to 327.155.

327.165 to 327.200 [Reserved for expansion]

STATE ELEMENTARY SCHOOL FUND

327.205 State Elementary School Fund; tax levy. There hereby is levied an annual tax of two mills on the dollar upon all taxable property for the support and maintenance of the public elementary schools. The fund arising therefrom shall be known as the State Elementary School Fund.

327.210 Payment of tax to State Treasurer. The county treasurer shall pay to the State Treasurer the amount of state taxes required to be paid by such county each year to the amount of state tax levied by ORS 327 205. On December 1 and June 1 of each year, the county treasurer shall pay from the county general fund for the State Elementary School Fund one-half of the amount of such tax required to be levied and collected in his county for that year.

327.215 Apportionment. On the third Monday in December, and at such other times during the year as he may deem advisable, the Superintendent of Public Instruction shall make an apportionment of the State Elementary School Fund then in the State Treasury. He shall apportion this fund to the several districts in proportion to the number of teachers employed the preceding year in the first eight grades of the public schools in the several districts, but the number shall not exceed one teacher for every 27 pupils or fraction thereof in average daily attendance in the first eight grades of the district for the preceding year.

327.220 Apportionment to suspended districts. A school district or subdistrict that has suspended its school under ORS 332 130 shall be entitled to receive its apportionment on the same basis as if school were in session in the district, but a suspended district shall use the funds so received only for tuition, transportation or the boarding of pupils. However, the amount apportioned together with the county school fund apportionment in the then current year shall not exceed the reasonable cost of tuition, transportation or board in the preceding year.

327.225 Minimum attendance requirement. No district shall be entitled to the ap-

portionment from the State Elementary School Fund whose average daily attendance for the preceding year was less than six unless the district suspends school under ORS 332 130. However, if the district boundary board, upon petition of the school board of any such district filed with the county school superintendent not later than July 5, determines that because of its remoteness from other schools it is for the best interests of the pupils to allow a full apportionment to such district, it may, not later than July 15, direct the Superintendent of Public Instruction to make the apportionment to the district.

327.230 Payment to school districts. When the apportionment of the State Elementary School Fund is made as directed in ORS 327 215 to 327 225, the Superintendent of Public Instruction shall certify the same to the Secretary of State who shall draw his warrants on the State Treasurer in favor of the several school districts and forward the same to the clerks of the respective districts.

327.235 to 327.250 [Reserved for expansion]

STATE SCHOOL SUPPORT FUND

327.255 State School Support Fund established. From the net revenue derived from taxes on or measured by net income, after application of the amounts required by ORS 315 790 and 317 590 to be applied to reduce the state levies on property, including the state elementary school tax, an amount not in excess of \$5,000,000, shall be transferred by the State Treasurer from the General Fund to a fund in the State Treasury to be known as the State School Support Fund.

327.260 Apportionment of State School Support Fund. The State School Support Fund shall be apportioned and paid each year to the several counties in the proportion that the total number of days of actual school attendance of resident pupils in the public elementary and public high schools of each county bears to the total number of days of such attendance in the entire state. Each county shall in turn apportion the funds so received on a similar basis of actual pupil-days attendance to all public school districts therein maintaining public schools and having levied a tax in the preceding year.

of not less than three mills. No district shall receive from this fund in any year an amount greater than its special tax levy for such year. The non-high school district shall receive the apportionment for the pupils for whom it pays tuition to any standard public high school, and each union high school district shall receive apportionment for the actual school attendance of all its pupils residing therein.

327.265 Application of funds by school districts. The amount received by each school district from this source in any year shall be fully applied to reduce the ad valorem property tax levied by the district for that year, but shall not impair the tax base of the district under the limitation imposed by section 11, Article XI, Oregon Constitution.

327.270 Annual report of pupil attendance. The clerk of each public school district shall certify to the county school superintendent, on or before June 30 of each year, the total number of pupil-days of actual school attendance of resident pupils of the district for the school year last ended. Similarly, each county school superintendent, on or before July 10 of each year, shall certify to the Superintendent of Public Instruction the total number of pupil-days of actual school attendance of resident pupils of each public school district and the aggregate number of pupil-days of such attendance in all districts of the county for the school year last ended. All such reports shall be made on forms prescribed and supplied by the Superintendent of Public Instruction.

327.275 Determination of amount of apportionments. From the attendance reports of the county school superintendents the Superintendent of Public Instruction, on or before July 10 of each year, shall determine and certify to the Secretary of State, to the State Treasurer and to each county school superintendent the total amount to be apportioned and paid to each county from the State School Support Fund for the current fiscal year. On receipt of such certified statement, each county school superintendent shall forthwith determine and certify to the county assessor and to the county treasurer the amount to be paid for such year to each public school district of the county entitled to participate in the distribution of the county's apportionment.

327.280 Warrants. On or before October 15 of each fiscal year the Secretary of State shall draw warrants on the State Treasurer, payable to the treasurers of the several counties from the State School Support Fund, for not less than one-half of the respective amounts certified to him by the Superintendent of Public Instruction. Similarly, the Secretary of State shall draw warrants on or before April 15 of such fiscal year covering the remainder of the State School Support Fund apportionment for that year.

327.285 Duties of county treasurer; disposal of balances. (1) All moneys received by any county treasurer from apportionment of the State School Support Fund shall be placed in a special fund for transfer to the credit of the several public school districts of the county entitled to participate in distribution thereof.

(2) The county treasurer shall transfer to the county school fund any balance remaining in said special fund after the transfer under subsection (1) of this section. Moneys transferred under this subsection shall become a part of the county school fund and shall be applied in the same manner and for the same purposes as other moneys therein.

327.290 to 327.400 [Reserved for expansion]

COMMON SCHOOL FUND

327.405 Common School Fund; composition and use. The Common School Fund shall be composed of the proceeds from the sales of the sixteenth and thirty-sixth sections of every township or of any lands selected in lieu thereof, all the moneys and clear proceeds of all property which may accrue to the state by escheat or forfeiture, all moneys which may be paid as exemption from military duty, the proceeds of all gifts, devises and bequests made by any person to the state for common school purposes, the proceeds of all property granted to the state when the purpose of such grant is not stated, all proceeds of the sale of tide and overflow lands as described in ORS 273.010, and all proceeds of the sale of the 500,000 acres of land to which this state is entitled by an Act of Congress approved September 4, 1841 and of all lands selected for capitol building purposes under Act of Congress approved February 14, 1859. All such proceeds

shall be set apart as a separate and irreducible fund, to be called the Common School Fund, the interest from which shall be exclusively applied to the support and maintenance of common schools in each school district. All lawful claims for repayment of moneys out of escheated estates and for attorney's fees and all other expenses in any suit or proceeding relating to escheated estates shall be audited by the State Land Board and paid from the principal of the Common School Fund.

327.410 Apportionment of interest from Common School Fund to counties. The State Land Board shall, on July 1 of each year, and oftener if deemed advisable, apportion the interest on hand arising from the Common School Fund among the several counties in proportion to the number of children resident therein between the ages of 4 and 20. The amount apportioned to each county shall, within 30 days, be placed in the custody of the county treasurer, who shall report the same to the county school superintendent for distribution among the school districts of his county.

327.415 Apportionment to school districts. Within two weeks after receipt from the State Land Board of his county's share of the Common School Fund, the county school superintendent shall apportion the fund among the several districts in his county, in proportion to the number of children resident therein between the ages of 4 and 20 years. As soon as he has made any such apportionment, he shall draw warrants on the county treasury in favor of the districts for their respective shares, and transmit the warrants to the clerks thereof. However, the county school superintendent shall not issue or transmit any such warrant to any district clerk until the clerk's bond has been received, examined and approved by the county school superintendent and filed by him in his office as a part of the records thereof.

327.420 Basis of apportionment. The basis of all apportionments of the Common School Fund shall be the last annual reports of the district clerks on file in the office of the county school superintendent at the time of making such apportionments.

327.425 Loan and investment of fund; interest rate. (1) All moneys belonging to the Common School Fund shall be loaned by the State Land Board at a rate of in-

terest fixed by the land board at not less than four percent per annum nor more than six percent per annum.

(2) Fund moneys may be loaned only in accordance with the repayment plan contained in ORS 327.430, except that loans on property within the corporate limits of towns or cities shall be payable in not more than 15 years on the amortization plan.

(3) If at any time there is a fund surplus over and above all loans applied for, the State Land Board may invest such portion of the surplus as it deems proper, in bonds that qualify for investment of such funds under ORS 291.604 to 291.620. The State Land Board may require the State Treasurer to deposit any such surplus, until it is able to loan same, in qualified state depositories, upon the same terms and conditions as other public funds are deposited therein, in which event any interest received from any such state depository shall be credited to the fund on which such interest was earned.

(4) The State Land Board may reduce the rate of interest to be paid upon outstanding loans from the Common School Fund and any trust fund placed in its charge, to correspond with the rate of interest to be paid upon new loans, but no reduction in rate of interest shall be made upon any of the loans until interest at the old rate has been paid in full to date of receipt of remittance at the office of the State Land Board.

327.430 Type of security needed for loans. (1) The principal and interest of all loans shall be paid in lawful money of United States.

(2) Loans shall be secured by note specifying the fund from which the loan is made and mortgage to the State Land Board on improved land used for agriculture or for stock raising within this state, or upon range or grazing land therein, or on improved land within the corporate limits of cities or towns having a population of 5,000 or over according to the census last preceding the date of such loan. The land securing the loan shall be not less than twice the value of the amount loaned, exclusive of perishable improvements on farm property, of unexceptional title and free from all encumbrances. A loan may be secured by a deposit of obligations of the United States or of bonds or warrants of this state of a face value of not less than 25 percent in excess of such loans.

(3) Nothing contained in this section shall prevent the making of such loans upon the security of mortgages upon lands situated in irrigation districts, at the discretion of the State Land Board, taking into consideration the amount of bonded indebtedness of such district as compared with the valuation of the real property of such district.

327.435 Ascertainment of value and title of security. The State Land Board shall adopt methods, rules and regulations for ascertaining the value of and state of the title of any lands proposed as security for any loan under the provisions of ORS 327.425 and 327.430. All expenses of ascertaining value and title shall be borne by the applicant. In no case shall a charge be made upon the state or the fund from which the proposed loan is to be made.

327.440 Loan repayment. Loans shall be repaid in semiannual, quarterly or monthly instalments, as may mutually be agreed upon between the borrower and the board, and the instalments shall aggregate each year an amount equal to one year's interest on the original principal of the loan plus an additional two percent of the original principal sum, except as provided in ORS 327.425. Of the instalment so paid each year, the amount at the specified interest rate on the principal remaining unpaid shall be credited as interest and the balance credited to reduction of the loan principal. Borrowers from the fund shall have the right to make payments in excess of the amounts of such instalments, and the further right at any time to pay off such loans in part or full with interest to payment dates.

327.445 Custody of securities for loans; collection of interest. The State Land Board shall have custody of all notes, bonds and other securities covering loans made by it from any fund. The board shall take proper measures for the prompt collection of interest due on all loans from any such fund and place it to the credit of the fund from which the loan was made, to be paid out as provided by law.

327.450 Foreclosure of mortgages given to secure loans. (1) The State Land Board shall foreclose all mortgages taken to secure loans from the school or other funds whenever more than one year's interest on the loan is due and unpaid or whenever any

mortgage becomes inadequate security for the money loaned. The State Land Board may foreclose its mortgage in the event of waste or any other impairment of the property upon which the loan was made. It may also foreclose for delinquency in payment of principal or interest instalments or in payment of taxes on such property.

(2) The State Land Board may bid in the land in the name of the state at a price not to exceed the total amount of the state's claim or they may accept a deed or a release of the equity of redemption. Should it appear to the satisfaction of the board that the mortgagee cannot make the payment of interest and that foreclosure would work an injustice and that foreclosure is not then necessary to secure the fund from loss, the board may extend the time for paying such interest not exceeding two years.

327.455 Record of land board purchases on foreclosure; resale or lease of land; disposition of proceeds. The clerk of the State Land Board shall keep a correct record of all purchases on foreclosures under ORS 327.450 with a description of the lands so purchased or acquired, and a statement of the fund to which they belong. Such lands shall be placed in the hands of the clerk and sold or leased under the direction of the board on the best terms obtainable, and the proceeds, to the amount of the principal of the loans, shall be paid into the fund from which the loans were made, and the excess paid to the interest account of that fund.

327.460 [Reserved for expansion]

327.465 Cancellation of unpaid taxes after deed to state in liquidation of loan. Whenever the State Land Board receives a deed to the State of Oregon of lands covered by a mortgage given to secure a loan from the Common School Fund in liquidation of the debt represented by the loan, the State Land Board shall send a written notice of the transaction to the county court of the county in which such deeded lands are situated. Upon the receipt of such notice, the county court shall cancel on the county tax records unpaid taxes levied and assessed against such property in that county. This section does not apply to tax liens of irrigation or drainage districts organized prior to the effective date of the lien of the State Land Board.

327.470 Cancellation of taxes on land acquired through foreclosure proceedings;

right of redemption. (1) Excepting tax liens of irrigation or drainage districts organized before the effective date of the State Land Board's lien whenever the State of Oregon acquires property or lands through foreclosure of a mortgage given to secure a loan from the Common School Fund and the state has received the sheriff's deed made as a result of such foreclosure proceedings and the period for redemption has expired, the county court, or board of county commissioners, of the county in which such lands are situated shall cancel on the county tax records all the unpaid taxes levied and assessed against the property.

(2) At the time the sheriff issues a certificate of sale in the foreclosure proceedings of any State Land Board mortgage, he shall serve a copy of the certificate upon the county judge, or the chairman of the board of county commissioners, of the county in which the foreclosure takes place. The county shall have a 60-day period from the date of the sheriff's certificate in which to redeem the land by paying the State Land Board the full amount of its investment in the land, including principal and interest, foreclosure charges, abstracting expense, and any other necessary expense incurred by the State Land Board in said foreclosure proceedings

327.475 When county court may acquire mortgaged lands deeded to state. Whenever the State Land Board receives a deed as described in ORS 327.465, the county court of the county in which the lands are situated may, within one year from the recorded date of such deed, acquire from the state the property so conveyed by paying to the state the total amount of the state's investment in the property

327.480 Use of Common School Fund moneys to comply with decree canceling fraudulent deed. (1) Where the court decree in a suit instituted by the State of Oregon to cancel and set aside any deed of lands from the State of Oregon alleged to have been procured by fraud and in violation of law grants relief to the State of Oregon, conditioned on the payment of money, the State Land Board may pay from the Common School Fund the sum necessary to comply with the conditions of the decree

(2) This section shall not be considered as a legislative interpretation relieving the defendants in such suit from applying to the legislature for repayment of the purchase

price of such land, or that the State of Oregon is not entitled to an accounting from the purchaser, his assignee, or successor in interest, for school or other lands obtained in violation of law, or that the State of Oregon must repay the purchase price of said lands, with or without interest as a condition of obtaining relief but this section is intended to prevent the loss to the State of Oregon of lands obtained in violation of law, where the court imposes as a condition for granting relief the payment of money

327.485 to 327.500 [Reserved for expansion]

SCHOOL LUNCH FUNDS AND PROGRAM

327.505 Supervision of school lunch program. For the purpose of advancing and improving school lunch programs and thereby promoting the health and well-being of the students through better nutrition, the Superintendent of Public Instruction may employ, and have under his direction, a qualified person as Director of School Lunch Programs. The superintendent may employ other necessary personnel to administer the school lunch program

327.510 Duties of director. The director, under the direction of the Superintendent of Public Instruction shall

(1) Assist school districts in developing school lunch programs that are planned to function as part of the educational program and adapted to local situations

(2) Assemble and develop educational materials which will help to further the school lunch program

(3) Develop or assist in developing training programs for managers and cooks of the school lunch

(4) Work with administrators, supervisors and teachers at all administrative levels in coordinating the school lunch with the total educational program

(5) Perform other duties within the purposes of the school lunch program or as directed by the Superintendent of Public Instruction

327.515 Superintendent authorized to accept federal funds. The Superintendent of Public Instruction shall have authority to accept funds under the National School Lunch Act, Public Law 396, chapter 281, United States Statutes at Large, or any subsequent or supplemental Acts

327.520 Acceptance and distribution of donated commodities. The Superintendent of Public Instruction may accept and distribute donated commodities available for either public or private nonprofit educational institutions, subject to state or federal law or regulation relating to such acceptance and distribution. He shall make a charge sufficient to cover but not exceed all costs of distribution to the individual schools. The charge may include administrative expenses, freight, warehousing, storing, processing and transshipment to the end that all participating schools shall receive such donated commodities at the same unit cost irrespective of location of the school with respect to the original point of delivery within the state

327.525 School Lunch Revolving Account. There hereby is created in the General Fund in the State Treasury an account to be known as the School Lunch Revolving Account. Any moneys credited to this account hereby are appropriated for the purposes of ORS 327.520. All money received under the provisions of ORS 327.520 shall be paid by the superintendent to the State Treasurer for credit to the School Lunch Revolving Account.

327.530 Rules and regulations. The Superintendent of Public Instruction may make necessary rules and regulations for implementation of the school lunch program, including distribution of donated commodities, consistent with the purposes of that program.

327.535 to 327.550 [Reserved for expansion]

FEDERAL AID TO EDUCATION

327.555 Federal funds received known as State School Fund. Any funds received from any appropriation by the Congress of the United States for general elementary or high school education, or both, in the several states shall be known as the State School Fund [1953 c 273 §2]

327.560 Apportionment of State School Fund. The Superintendent of Public Instruction shall apportion the State School Fund, less the amount set aside for administrative purposes under ORS 327.575, to the several school districts of this state in proportion to the total number of actual days' attendance in the public elementary schools and one and

one-fourth times the actual days' attendance in the public standard high schools of the pupils residing therein during the preceding school year and to each nonhigh school district of the state in proportion to one and one-fourth times the actual days' attendance in public standard high schools of the pupils residing in such nonhigh school district during the preceding school year. As soon as the Superintendent of Public Instruction has the apportionments provided for in this section, he shall report the same to the Secretary of State who shall draw warrants on the State School Fund in favor of the custodians of funds of the several districts [1953 c.273 §3]

327.565 Modification of apportionment because of epidemic or disaster. The State Board of Education may make rules and regulations modifying the apportionment of the State School Fund when, because of epidemic or disaster, such modification is justified and necessary to carry out the spirit and purpose of ORS 327.555 to 327.575 [1953 c.273 §4]

327.570 Reports from school districts; effect of failure to make reports. (1) The Superintendent of Public Instruction may require from the several school districts any reports or information that may be necessary for carrying out the provisions of ORS 327.555 to 327.575

(2) If any district fails to make the reports required by the Superintendent of Public Instruction, that district shall not receive its apportionment for the ensuing year. [1953 c 273 §5]

327.575 Administrative expenses. From the funds herein provided a sum of not to exceed \$5,000 hereby is set aside annually to the office of the Superintendent of Public Instruction for the administration of ORS 327.555 to 327.575 [1953 c 273 §6]

327.580 to 327.600 [Reserved for expansion]

327.605 Designation of state agency for application and receipt of federal aid to education. The Superintendent of Public Instruction hereby is designated as the state agency to apply to and receive from the Federal Government or any agency thereof such grants available to the State of Oregon or any of its political subdivisions or agencies for general federal aid of elementary and secondary schools and their auxiliary services, improvement of teacher prep-

aration, construction of school buildings and administration of the Department of Education and adult educational services.

327.610 Powers and duties as to federal funds. To carry out the purposes of grants under ORS 327.605, the Superintendent of Public Instruction shall

(1) Disburse or supervise the disbursement of all funds made available at any time by the Federal Government or the State of Oregon for such purposes.

(2) Adopt, carry out and administer a plan for disbursement for any such purposes, which plan shall be state-wide in application in so far as reasonably feasible, possible or permissible. The plan shall be devised to comply with existing federal requirements and not be contrary to or inconsistent with the laws of this state.

327.615 State Treasurer as trustee of funds. The State Treasurer shall serve as trustee of any federal aid to education funds apportioned to the State of Oregon

327.620 Audits of accounts affecting federal funds; warrants. The Secretary of State shall cause audits to be made of the accounts and financial affairs of the Superintendent of Public Instruction affecting any funds acquired from the Federal Government to aid education, in the same manner and under the same conditions as provided by law for the audit of state departments and institutions. He shall draw his warrants on the State Treasurer in payment of all duly incurred and approved claims which are available from such funds.

327.625 Monthly reports by participants. All school districts, agencies, institutions or other organizations participating in the benefits of federal grants to aid education shall make monthly reports to the Superintendent of Public Instruction of money or other property received for these purposes and the disposition made of the same.

327.630 Reports to Commissioner of Education. The Superintendent of Public Instruction shall make such reports to the Commissioner of Education regarding the expenditure of funds received from the Federal Government for educational aid purposes and the progress of work or services provided by such funds, in such form and containing such information as the commissioner may require.

327.635 Labor standards required on federally financed school construction. The Superintendent of Public Instruction shall provide, in the construction of school facilities financed in part through federal grants, for the enforcement of labor standards not less beneficial to employees on such projects than those required under sections 1 and 2 of the Act of Congress of August 30, 1935, as amended

327.640 Vocational School Inspection Account. All moneys received by the Superintendent of Public Instruction from the Federal Government in connection with the inspection and supervision of vocational schools shall be deposited in the State Treasury to the credit of the General Fund in an account to be known as the Vocational School Inspection Account, and such account hereby is appropriated for the payment of expenses of inspection and supervision of vocational schools. All expenses of the Superintendent of Public Instruction in connection with the inspection and supervision of vocational schools shall be paid in the manner provided by law out of the Vocational School Inspection Account.

327.645 to 327.650 [Reserved for expansion]

DONATIONS FOR BENEFIT OF PUBLIC SCHOOLS

327.655 Superintendent as donee; authority to use donations. The Superintendent of Public Instruction hereby is authorized and empowered to take by gift, devise, bequest or in any other lawful manner, money or property for the ultimate use or benefit of the public schools and to use such money or property for the purpose for which it was donated. The superintendent shall deposit any such money received in a special fund with the State Treasurer as provided in ORS 291.436 to 291.440. The money shall be expended under the direction of the superintendent for the purposes for which it was donated

327.660 to 327.985 [Reserved for expansion]

PENALTIES

327.990 Penalties. (1) Violation of ORS 327.080 is punishable, upon conviction, by a fine of not less than \$25 nor more than

\$100, or by imprisonment in the county jail not less than six months, or both.

(2) Violation of any of the provisions of

ORS 327.205 to 327.230, 327.405 to 327.480 and 327.605 to 327.635 is punishable, upon conviction, as a misdemeanor.

